

ATTACHMENT

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CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.dca.ca.gov/cba>



COMMITTEE ON PROFESSIONAL CONDUCT
MINUTES OF THE MEETING
May 18, 2006

FINAL

Hilton San Jose
300 Almaden Blvd.
San Jose, CA 95110

I. CALL TO ORDER

The meeting of the Committee on Professional Conduct (CPC) was called to order at 9:05 a.m. by David Swartz, Chair. Mr. Swartz indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full Board are present at a committee meeting, members who are not members of that committee may attend that meeting only as observers. The Board members who are not committee members may not sit at the table with the committee, and may not participate in the meeting by making statements or by asking questions of any committee members. Mr. Swartz then welcomed Marcus McDaniel, a new public member of the Board. Mr. Swartz also expressed appreciation to Gail Hillebrand, previous CPC chair, for her service to the CPC and to the Board.

Present:

David Swartz, Chair
Ronald Blanc
Richard Charney
Donald Driftmier
Robert Petersen
Renata Sos

Staff and Legal Counsel

Mary Crocker, Assistant Executive Officer
Michael Granen, Deputy Attorney General
Gregory Newington, Chief, Enforcement Program
George Ritter, Legal Counsel
Carol Sigmann, Executive Officer
Aronna Wong, Legislation/Regulations Coordinator

Other Participants

Roger Bulosan, Qualifications Committee Chair
Michael Duffey, Ernst and Young LLP

Julie D'Angelo Fellmeth, Center for Public Interest Law
Bobbie Jarvis, California Society of Accounting and Tax Professionals
Art Kroeger, Society of California Accountants
David Link, Consultant, Senator Figueroa
Wendy Perez, Ernst and Young LLP
Richard Robinson, Richard Robinson & Associates
Hal Schultz, California Society of Certified Public Accountants
Jeannie Tindel, California Society of Certified Public Accountants
David B. Tolkan, Society of California Accountants

Board Members Observing

Ruben Davila
Sally Flowers
Clifton Johnson
Tom Iino
Bill MacAloney
Marcus McDaniel

II. Consideration of CalCPA's Request for Amendments to the Board's Regulations
Related to Audit Documentation.

Mr. Swartz indicated that the CPC had before it an audit documentation proposal developed by the California Society of Certified Public Accountants (CalCPA). He explained that the CPC had begun consideration of the proposal at its November 2005 meeting and decided to continue the discussion at a future meeting. He thanked staff for providing the information in the packet (Attachments 1 and 2), and asked Ms. Wong to provide an overview of the proposal.

Ms. Wong indicated the proposal was based on the audit documentation standard issued by the Public Company Accounting Oversight Board (PCAOB). She explained the proposal would change the start date for the seven-year audit documentation retention period from the "report date" which is generally the date the fieldwork for the audit is completed to the "date of issuance of the report" which is also called the "report release date." The proposal also would change the length of the grace period for the assembly of audit documentation – sometimes referred to as the "document assembly period" or the "documentation completion period" – from 45 days to 60 days. In addition, unlike the Board's current regulations, during that 45-day period the proposal would permit documents to be deleted from the file without any documentation of the deletion. However, at the end of the 45-day period, no deletions of audit documentation would be permitted. Ms. Wong added that current regulations permit deletions after the document assembly period, provided the deletion is thoroughly documented.

Ms. Wong then summarized some of the discussion that occurred at the November 2005 CPC meeting. She indicated that at that meeting CalCPA had expressed concern that, under the Board's current regulations, a deleted item would need to be retained as a reference to appropriately document the "extent of the change." She added that, upon hearing this concern, some CPC members had suggested it might be possible to

address it by making minor changes to current regulations. Ms. Wong further indicated that, at the November 2005 CPC meeting, Ms. Fellmeth representing the Center for Public Interest Law (CPIL) had expressed concern that it was premature to modify the Board's audit documentation regulations.

Ms. Wong noted that at the conclusion of the November 2005 meeting, the CPC requested staff provide a side-by-side comparison showing the Board's regulations, CalCPA's proposal, the PCAOB standard, and the new standard developed by the Auditing Standards Board (ASB). Ms. Wong indicated that Enforcement Division staff had prepared the side-by-side comparison which is included in the materials for the meeting (see Attachment 1). She added that Mr. Newington was available to respond to any questions regarding the side-by-side comparison.

Ms. Wong concluded the overview by noting that additional background material provided in the packet (Attachment 2) included excerpts from the minutes of the November 17, 2005, CPC meeting, a letter from Ms. Fellmeth communicating CPIL's concerns, relevant statutes and regulations, and the PCAOB and ASB standards.

During the discussion, Ms. Sos summarized CalCPA's proposal by indicating that it proposed changes to the start date of the document retention period, changes to the length of the document assembly period, changes to the cut-off date, and changes related to what happens during the document assembly period. She also noted that CalCPA's proposal provided for a document assembly period when the report was not issued or the audit was not completed. She suggested that the Board may want to include such a provision in its regulations.

Mr. Schultz indicated that audit documentation must include documentation of significant matters related to the audit regardless of whether the documentation contains information inconsistent with the auditor's final conclusions. He suggested that, because of this requirement, the deletion of other materials is a housekeeping matter. He added that the deletion of unnecessary documents is permitted before the report release date, and he believed it was reasonable to be able to delete these same documents after the report release date during the documentation completion period. He explained that the report release date is often the busiest day of the audit engagement, and to focus on document deletion at that time could have a negative impact on audit quality.

Mr. Schultz added that when the Board's task force developed its audit documentation standard, it looked at the ASB standard that was then in place and found it lacking. To address this concern, California developed detailed standards. Since that time, the PCAOB has developed a standard and the ASB's standard has been revised. He added that the PCAOB and ASB standards are similar except for the length of the documentation completion period.

Mr. Schultz concluded his remarks by noting that the current Uniform Accountancy Act Rule on audit documentation states "Licensees shall comply with all professional

standards applicable to particular engagements, including, but not limited to standards adopted by recognized standards setting bodies such as the Public Company Accounting Oversight Board (PCAOB), the Comptroller General of the United States, and the Auditing Standards Board.” He suggested that the Board consider adopting a similar rule.

During the discussion that followed, Mr. Blanc asked Mr. Schultz if a major part of CalCPA’s concern would be addressed if the Board’s regulations indicated that it was not necessary to retain a deleted document. Mr. Schultz responded affirmatively. Mr. Blanc indicated he would support making such a change for clarification. Mr. Schultz added that he also believed there would be a benefit in conforming with national standards. Mr. Swartz noted that the proposed change would make the Board’s regulations more consistent with the PCAOB standard and indicated that he viewed the proposed change as more administrative than substantive.

Ms. D’Aneglo Fellmeth expressed concern regarding CalCPA’s proposal. She stated that before 2002, there were no audit documentation standards in statute or in regulation. AB 2873, drafted by this Board, established audit documentation standards including the General Accounting Office (GAO) standard and the rebuttable presumption. She noted that after enactment of that legislation the Board spent considerable time developing implementing regulations. She further noted that the regulations are barely two years old, and she believed it was too soon to make changes. She also stated that CPIL opposed deleting the definition of changes to audit documentation in Section 68.4. She added that deleting the definition of changes to audit documentation would impact the implementation of the rebuttable presumption. She concluded her comments by noting that it is not necessary to conform with other standards as long as there are no conflicts.

In response to an inquiry from Ms. Sos, Ms. D’Angelo Fellmeth indicated that she did not oppose starting the seven-year document retention period on the date of issuance of the report, shortening the document assembly period from 60 to 45 days, and no longer permitting deletions after the end of the document assembly period. She further indicated that she had no objection to the addition of language to clarify that the Board’s documentation requirements do not require the retention of deleted documents. She added that, in this situation, the auditor takes some risk in that the auditor may not have the documentation needed to rebut the presumption that the work was not performed.

It was then moved by Ms. Sos and seconded by Mr. Blanc to recommend that the Board amend its audit documentation regulations as follows: 1) change the start date for the retention of audit documentation to the date the report is issued or release, 2) shorten the length of the document assembly period from 60 to 45 days, 3) no longer permit deletions of audit documentation after the end of the document assembly period, and 4) clarify that the Board’s documentation requirements do not require the retention of deleted documents.

Mr. Schultz noted that while CalCPA's proposal recommends a 45-day documentation completion period, the ASB standard provides for a 60-day period. He suggested that retaining the 60-day period would benefit practitioners who audit nonpublic companies. Mr. Kroeger, on behalf of the Society of California Accountants (SCA), agreed and indicated that SCA members do not audit public companies and would prefer that the 60-day time period be retained. **Ms. Sos indicated she had no objection to retaining the 60-day document assembly period and revised her motion to remove the portion of it proposing a 45-day time period. Mr. Blanc, seconder of the motion, concurred with this revision. The revised motion was unanimously carried.**

Mr. Swartz then noted that the documentation of deletions remained an issue for discussion. Mr. Blanc indicated that he believed that the date the report is released is critical and that there should be a record of any changes made after that date. **After discussion, it was moved by Mr. Driftmier and seconded by Mr. Petersen to recommend that the Board revise its regulations to not require documentation of deletions made during the 60-day document assembly period.** During the discussion of the motion, Ms. D'Angelo Fellmeth indicated that if there is an audit failure, a paper trail would be valuable; and, after the audit report is released, the identity of the person deleting audit documentation should be recorded. Dr. Charney indicated he did not believe it was necessary to record the deletion of documents unrelated to the audit report. He expressed the view that the proposed change was a refinement of the Board's current regulations. **The CPC then voted on Mr. Driftmier's motion which carried with four "aye" votes and two "no" votes.**

Ms. Sos inquired if the Board's regulations should be amended to address situations in which no report is issued on an audit engagement. Mr. Granen indicated that such a provision would be of value since the Board has had enforcement cases in which an audit report was not issued. Mr. Newington concurred and indicated that it would be appropriate to add such a provision. **It was then moved by Ms. Sos, seconded by Mr. Driftmier, and unanimously carried to recommend that the Board adopt CalCPA's proposal to provide for a document assembly period for situations in which the audit report is not issued, substituting 60 days for the 45 days in the proposal.**

III. Discussion of Tax Services.

Mr. Swartz indicated that letters had been sent to interested stakeholders requesting information regarding tax services (see Attachment 3). He suggested that the CPC consider deferring discussion of this agenda item until a future meeting when more complete information from stakeholders becomes available. **It was then moved by Ms. Sos and seconded by Mr. Driftmier to defer a full discussion of tax services until a future meeting.** During the discussion of the motion, Dr. Charney suggested that there may be members of the public who came specifically to discuss this topic. Ms. D'Angelo Fellmeth indicated that she had come prepared to discuss this topic, which is the subject of pending legislation moving through the Legislature. She indicated that she had presented detailed information in her letter (included in Attachment 3), and she

Attachment 1

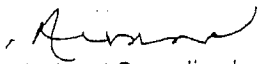
Memorandum

CPC Agenda Item II
May 18, 2006

Board Agenda Item IX.C.2
May 19, 2006

To : CPC Members
Board Members

Date: May 2, 2006
Telephone : (916) 561-1788
Facsimile : (916) 263-3674
E-mail: awong@cba.ca.gov

From : Aronna Wong, 
Legislation/Regulations Coordinator

Subject : CalCPA's Request for Amendments to the Board's Regulations Related to
Audit Documentation

At its meeting of November 17, 2005, the CPC considered a request from the California Society of Certified Public Accountants (CalCPA) to amend the Board's regulations related to audit documentation to achieve greater consistency with the Public Company Accounting Oversight Board's (PCAOB's) audit documentation standard. It was the CPC's recommendation to the Board that the discussion of this proposal continue at a future meeting. This continued discussion is scheduled for the May 18-19, 2006, meetings. For your consideration and action, CalCPA's proposal is provided as Attachment A..

When CalCPA's proposal was discussed in November 2005, the following issues were identified:

- CalCPA expressed concern that, under the Board's current regulations, to appropriately document the "extent of the change" a deleted item would need to be retained as a reference. It was suggested this is burdensome and could negatively impact audit quality. Under CalCPA's proposal, during the 45-day period following the release of the audit report, items that would otherwise not need to be retained could be deleted without documentation. After that 45-day period, no deletions would be permitted.
- The Center for Public Interest Law (CPIL) expressed concern that it was premature to modify the Board's current regulations. CPIL also indicated it was critical to retain the definition of "changes in audit documentation" which would be deleted if CalCPA's proposed language was adopted.
- CPC members indicated that the Board needed to be cautious about making changes to the current regulations and that the standard being developed by the ASB should be considered as well as the PCAOB standard. It was also suggested that CalCPA's concern regarding deleted documents might be addressed with relatively minor changes to the text of the regulations.

At the conclusion of the November 17, 2005, discussion, it was the direction of the CPC that, when this matter was discussed again, staff provide a side-by-side comparison showing of the Board's regulations, CalCPA's proposal, the PCAOB standard – Auditing Standard No. 3 (AS 3), and the standard developed by the AICPA's Auditing Standards Board – now Statement on Auditing Standards No. 103 (SAS 103). This item is provided as Attachment B.

Enforcement Division staff have offered the following comments related to the attached comparison:

- **Revisions to Section 68.3 related to the start date for the retention of audit documentation:**

The period for the retention of audit documentation under Section 68.3 commences as of the date of the audit report. In the majority of audits, the report date is the date of completion of the audit fieldwork.

Under CalCPA's proposal, AS 3 and SAS 103, the audit documentation retention period commences on the date of issuance of the audit report. The date of issuance, which is also known as the "report release date," is the date the auditor delivers the audit report to the client. Under most circumstances, the audit report issuance date is generally less than a month after the audit report date. The date of issuance, as proposed by CalCPA, appears reasonable as the date of issuance is the date the audit report can be used by the client and the auditor would become responsible for the opinion rendered.

- **Revisions to Section 68.4 related to the grace period and the types of changes allowed in audit documentation:**

SAS 103 and AS 3 contain more detail and guidance on the content of audit documentation than under the previous standard, SAS 96 (AICPA AU 339). The new standards are also more stringent with regard to deletion of audit documentation after the documentation completion date than is current Section 68.4. Subsequent to the documentation completion date, Section 68.4 allows both the addition and deletion of audit documentation as long as the changes are fully documented. AS 3 and SAS 103 do not allow the deletion, only the addition of audit documentation if clearly documented. CalCPA's proposal is consistent with AS 3 and SAS 103 in this respect.

With regard to what is allowable during the window of time between the start of the retention period and the documentation completion date, AS 3, which serves as the model for CalCPA's proposal, requires "a complete and final set of audit documentation should be assembled for retention as of a date no more than 45 days after the report release date (documentation completion date)." It is unclear what types of changes are permissible during the window period and/or what documentation is necessary related to any changes.

SAS 103 provides for a 60 day window during which the auditor may "perform routine file-assembling procedures such as deleting or discarding superseded documentation and sorting, collating, and cross-referencing final working papers." A clear definition of deleting or discarding superseded documentation is not contained in the standard and no examples are provided.

Additional background information including excerpts from the minutes of the November 2005 CPC meeting and the texts of AS 3 and SAS 103 is being provided under a separate cover. If the Board decides to amend its audit documentation regulations, a regulation hearing can be scheduled for the fall of 2006.



August 17, 2005

Renata Sos, President
California Board of Accountancy
c/o Evergreen Street, Suite 250
Sacramento, CA 95815

RE: **Conformity Between California and PCAOB Audit Documentation Retention Requirements**

Dear Ms. Sos:

On behalf of the California Society of CPAs (CalCPA), we are writing to request that the California Board of Accountancy (CBA) consider certain amendments to Section 68 of its Regulations regarding audit documentation to achieve appropriate conformity with the national standards for audit documentation adopted by the Public Company Accounting Oversight Board (PCAOB)

Background

In the wake of the collapse of Enron in the fall of 2001, the CBA and the California legislature moved swiftly to identify and respond to issues regarding auditing standards and practices. The adequacy of audit documentation and the period of its retention was one of the issues that received significant attention. The California legislature enacted Sections 5097 and 5098 of the Business and Professions Code which were signed into law on August 23, 2002. The CBA adopted Section 68 of its regulations to implement that legislation.

The Congress and federal regulators also focused attention on audit documentation:

- The Sarbanes-Oxley Act of 2002 directed Public Company Accounting Oversight Board to establish standards for audit documentation.
- The PCAOB adopted *Auditing Standard No. 3 – Audit Documentation* dated June 9, 2004.

The importance which the PCAOB placed on the development of appropriate audit documentation standards is indicated in paragraph A2 of *Auditing Standard No. 3*:

Section 103(a)(2)(A)(i) of the Sarbanes-Oxley Act of 2002 (the "Act") directs the Board to establish auditing standards that require registered public accounting firms to prepare and maintain, for at least seven years, audit documentation "in sufficient detail to support the conclusions reached" in the auditor's report. Accordingly, the Board has made audit documentation a priority.

As the Congressionally mandated standard setter for the audits of public companies, the PCAOB undertook an open, thorough and well documented process of developing its standard for audit documentation. It is clear from the text of some of the provisions of *Auditing Standard No. 3* and from the participation of CBA member Charles Drott in the public roundtable discussion of audit documentation convened by the PCAOB on September 29, 2003 that the PCAOB gave serious consideration to laws and regulations that California had already developed regarding audit documentation.

¹ Please see Attachment 3 for the PCAOB's description of its development of *Auditing Standard No. 3*

Analysis

The provisions of California Business and Professions Code Sections 5097 and 5098 are essentially the same as comparable requirements in PCAOB *Auditing Standard No. 3*. The significant differences are:

- California law and the PCAOB standard agree that audit documentation should be sufficient to be understandable to an experienced reviewer with no previous connection to the audit engagement. The PCAOB goes further in requiring that the experienced reviewer "has studied the company's industry as well as the accounting and auditing issues relevant to the industry."
- The PCAOB did not adopt California's "rebuttable presumption," but the standard does make clear the auditor's obligation to document the procedures performed and notes: "Oral explanation alone does not constitute persuasive other evidence, but it may be used to clarify other written evidence."
- The PCAOB standard does not require the auditor to maintain a written document retention and destruction policy.

CBA Regulations Section 68 includes a number of requirements that are also essentially the same as comparable requirements in PCAOB *Auditing Standard No. 3*. Except as noted below, the primary differences are very specific requirements which are appropriate for the PCAOB's professional standard, but are too detailed for inclusion in CBA regulations².

The significant differences between CBA Regulations Section 68 and PCAOB *Auditing Standard No. 3* are:

Section 68.3(a) Retention Period for Audit Documentation

The California retention period is measured from the report date, while PCAOB *Auditing Standard No. 3*, paragraph 14 measures the retention period from the date of issuance of the audit report.

Section 68.4 Changes in Audit Documentation After Issuance of the Report

The CBA regulations do not allow any documents to be deleted from the audit documentation after the issuance of the audit report. PCAOB *Auditing Standard No. 3* does not prohibit discarding unnecessary audit documentation after the issuance of the audit report. It does prohibit such deletions after the document completion date which is 45 days after the report issuance date. Both the CBA regulations and PCAOB *Auditing Standard No. 3* require that audit documentation regarding significant matters be retained whether or not the documentation is inconsistent with the auditor's final conclusions.

Section 68.4(c) Audit Documentation Completion Period

CBA regulations provide a 60-day period after the date of issuance of the audit report during which "documents may be added to the file for the assemblage and documentation of work previously performed." PCAOB *Auditing Standard No. 3* requires that "a complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date."

Recommendation

CalCPA does not intend to pursue any amendments to the California statutory provisions regarding audit documentation at this time.

While recognizing that there may be instances where California regulations appropriately differ from national requirements, CalCPA favors national conformity in all possible cases. While such conformity certainly contributes to the efficiency of work performed by our members, it is also in the public interest. Conformity with national standards substantially enhances the ability of CPAs

² e.g. "If an audit sample is selected from a population of documents, the documentation should include identifying characteristics (for example, the specific check numbers of the items included in the sample)." [From paragraph 10 of *Auditing Standard No. 3*]

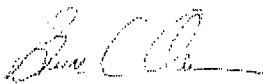
to comply with the requirements and makes cooperation in California and federal enforcement efforts more effective and efficient.

We believe that the PCAOB has developed its audit documentation standards utilizing highly experienced staff and according due process consideration to all interested parties. We therefore urge the CBA to amend Section 68 of its regulations to eliminate the three areas of difference with the PCAOB standard noted above.

Our recommendations for the specific amendments to accomplish conformity are presented in Attachment 1 and further explained in Attachment 2.

We thank you and the members of the CBA for your consideration of this request and look forward to working with you on implementation.

Best regards,



BRUCE C. ALLEN, Director
Government Relations

cc: Carol Sigmann, Executive Officer
Members of the California Board of Accountancy
Loretta Doon, COO, CalCPA
CalCPA Government Relations Committee members

Attachment 1

Recommended Amendments to Board Regulations Sections 68.3 and 68.4

Section 68.3. Retention Period for Audit Documentation.

(a) The retention period mandated by Business and Professions Code Section 5097 shall be measured from the ~~report~~ date of issuance of the report.

(b) If audit documentation is required to be kept for longer than seven years because of a pending Board investigation or disciplinary action, audit documentation shall not be destroyed until the licensee has been notified in writing by the Board of the closure of a Board investigation or disciplinary proceeding.

(c) Any documents required to be maintained by Business and Professions Code Section 5097 or these regulations shall be maintained in accessible form.

(d) Audit documentation shall be retained whether or not the documentation supports the auditor's final conclusions. All audit documentation regarding any significant matter related to the audit shall be retained whether or not the documentation contains information or data inconsistent with the auditor's final conclusions. Significance of a matter shall be determined based on an objective analysis of the facts and circumstances. Audit documentation to be retained shall also include all documentation of consultations on, or resolutions of, any differences of opinion regarding the exercise of professional judgment.

Section 68.4. Changes in Audit Documentation After Issuance of the Report.

(a) ~~Changes in audit documentation include any addition, removal, deletion, substitution, or editing of audit documentation, including, but not limited to, physical or electronic additions to any audit documentation file or preexisting audit documentation, occurring after the date of issuance of the audit report which is supported in whole or in part by the audit documentation. Prior to the date of issuance of the report, the auditor must have completed all necessary auditing procedures and obtained sufficient evidence to support the representations in the auditor's report. A complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date (documentation completion date). If a report is not issued in connection with an engagement, then the documentation completion date should not be more than 45 days from the date that fieldwork was substantially completed. If the auditor was unable to complete the engagement, then the documentation completion date should not be more than 45 days from the date the engagement ceased.~~

(b) Circumstances may require additions to audit documentation after the date of issuance of the report. Audit documentation must not be deleted or discarded after the documentation completion date, however, information may be added. ~~Except as provided in subsection (c), in~~ In addition to any other documentation required by professional standards, any changes in audit documentation added must indicate the date the information was added, the name of the person who prepared the additional documentation, shall provide the identity of the person(s) making the change, and the identity of any person(s) approving the change addition, the date of the change, and the reason for adding it ~~the change if the reason is other than the assembling of pre-existing documents.~~ The documentation which is changed added shall contain sufficient detail to enable a reviewer with relevant knowledge and experience, having no previous connection with the audit engagement, to understand the nature, timing, reason for, and extent of the change addition.

(c) ~~During a 60-day period after the date of issuance of the audit report, documents may be added to the file for the assemblage and documentation of work previously performed. Nothing in this subsection authorizes the deferral of audit procedures required to be performed prior to the date of issuance of the report.~~

Attachment 2
Discussion of Recommended Amendments to Board Regulations 68.3 and 68.4

Section 68.3

The California regulations currently measure the seven-year audit documentation retention period from the "report date." This is the date on which the audit fieldwork has been completed and is indicated in the auditor's opinion.

PCAOB *Auditing Standard No. 3* measures the seven-year retention period from the "report release date." This is the date on which the auditor delivers his or her signed audit opinion to the client or otherwise gives the client permission to use the auditor's report. The report release date will always be later (thus, the retention period will be longer) than the report date.

The term "date of issuance of the audit report" is equivalent to the report release date and is used in the recommended amendment to maintain consistency with other sections of the California regulations that use that term to refer to the report release date.

See Attachment 2 continued (attached).

Attachment 2 (continued)

Section 68.4 Existing Sec. 68.4	PCAOB Auditing Standard No. 3	Proposed Sec 68.4	Comments
(a) Changes in audit documentation include any addition, removal, deletion, substitution, or editing of audit documentation, including, but not limited to, physical or electronic additions to any audit documentation file or preexisting audit documentation, occurring after the date of issuance of the audit report which is supported in whole or in part by the audit documentation.			The structure of the PCAOB standard does not require a definition of "changes" to audit documentation.
(c) During a 60-day period after the date of issuance of the audit report, documents may be added to the file for the assemblage and documentation of work previously performed. Nothing in this subsection authorizes the deferral of audit procedures required to be performed prior to the date of issuance of the report.	15. Prior to the report release date, the auditor must have completed all necessary auditing procedures and obtained sufficient evidence to support the representations in the auditor's report. A complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date (documentation completion date). If a report is not issued in connection with an engagement, then the documentation completion date should not be more than 45 days from the date that fieldwork was substantially completed. If the auditor was unable to complete the engagement, then	(a) Prior to the report release date, the auditor must have completed all necessary auditing procedures and obtained sufficient evidence to support the representations in the auditor's report. A complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the date of issuance of the report (documentation completion date). If a report is not issued in connection with an engagement, then the documentation completion date should not be more than 45 days from the date that fieldwork was substantially completed. If the auditor was unable to complete the engagement, then	There are 2 significant changes in the proposed Sec. 68.4(a) versus the existing Sec. 68.4(c) to conform to the PCAOB standard: <ul style="list-style-type: none"> • The period during which documentation can be completed is reduced from 60 days to 45 days. • There is no prohibition on deleting unnecessary documentation during the 45 day completion period. (Note that the requirement of existing Sec. 68.3(d) to retain documentation that is inconsistent with the final conclusion for significant matters is not changed by these proposed amendments.)

	the documentation completion date should not be more than 45 days from the date the engagement ceased.	the documentation completion date should not be more than 45 days from the date the engagement ceased.	<p>The requirement to complete all necessary audit procedures before the issuance of the report is retained.</p> <p>Requirements for determination of the document completion date for circumstances in which a report is not issued or an audit is not completed are provided:</p> <p>The following 3 requirements that are in the existing California regulations but not in the PCAOB standard have been retained in the proposed amendments:</p> <ul style="list-style-type: none"> • "In addition to any other documentation required by professional standards" • Identity of any persons approving the addition of material after the document completion date • Sufficient detail to inform an experienced reviewer with no previous connection with the audit engagement
	the documentation completion date should not be more than 45 days from the date the engagement ceased.	the documentation completion date should not be more than 45 days from the date the engagement ceased.	<p>(b) Circumstances may require additions to audit documentation after the date of issuance of the report. Audit documentation must not be deleted or discarded after the document completion date, however information may be added. In addition to any other documentation required by professional standards, any documentation added must indicate the date the information was added, the name of the person who prepared the additional documentation, the identity of any person(s) approving the addition, and the reason for adding it. The documentation which is added shall contain sufficient detail to enable a reviewer with relevant knowledge and experience, having no previous connection with the audit engagement, to understand the nature, timing, reason for, and extent of the addition.</p>
	the documentation completion date should not be more than 45 days from the date the engagement ceased.	<p>16. Circumstances may require additions to audit documentation after the report release date. Audit documentation must not be deleted or discarded after the documentation completion date, however, information may be added. Any documentation added must indicate the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it.</p>	<p>(b) Except as provided in subsection (c), in addition to any other documentation required by professional standards, any changes in audit documentation shall provide the identity of the person(s) making the change, and identity of any person(s) approving the change, the date of the change, and the reason for the change if the reason is other than the assembling of pre-existing documents. The documentation which is changed shall contain sufficient detail to enable a reviewer with relevant knowledge and experience, having no previous connection with the audit engagement, to understand the nature, timing, reason for, and extent of the change.</p>